

Staff Summary Report



Council Meeting Date: 9/16/2010

Agenda Item Number: _____

SUBJECT: This is the public hearing and determination whether to adopt a resolution which amends Appendix A of the Tempe City Code relating to water rates.

DOCUMENT NAME: 20100916wudmk01 MISCELLANEOUS FEES (0210-05) Resolution No. 2010.54

COMMENTS: This resolution establishes the water rate structure effective November 1, 2010.

PREPARED BY: Miyoung Kim, Planning & Research Analyst (350-8358)

REVIEWED BY: Don Hawkes, Deputy Public Works Director - Water Utilities Division (350-2660)
Jerry Hart, Deputy Financial Director (350-8505)

LEGAL REVIEW BY: Andrew Ching, City Attorney (350-8575)

DEPARTMENT REVIEW BY: Don Hawkes, Deputy Public Works Director - Water Utilities Division (350-2660)

FISCAL NOTE: N/A

RECOMMENDATION: Adopt Resolution No. 2010.54.

ADDITIONAL INFO: Pursuant to Council direction at the June 10, 2010 Issue Review Session, the following resolution, if adopted, will adjust water rates. The recommended adjustments are necessary to ensure full recovery of operating costs, financing of capital programs and maintenance of unreserved fund balance within the water/wastewater fund.

The rate adjustments are based on a detailed cost of service rate analysis performed by Red Oak Consulting, a division of Malcolm Pirnie, Inc. Rates are structured for each customer class to assure that each utility customer pays their fair share of the costs. Because rates are structured specifically for each customer class, individual customers will see different rate impacts.

The net effect on the bill of a median residential customer using 10,000 gallons of water is an increase of approximately 12% or \$2.84 per month for both water and water service charges. The changes would be effective with charges beginning November 1, 2010. The total combined water, wastewater and solid waste rate adjustments will increase a median single family residential utility bill by \$3.93 or 6.7%.

Pursuant to A.R.S. 9-511.01, a copy of the rate change report was filed with the City Clerk and a Notice of Intention was adopted by the City Council on July 1, 2010. In addition, the Notice of Intention was published in the local newspaper on August 23, 2010.